

CONTAINS CONFIDENTIAL ATTACHMENTS

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2001-191

June 13, 2001

CENTRAL MAINE POWER COMPANY,)
Annual Price Change Pursuant to the)
Alternative Rate Plan (ARP 2000))

STIPULATION

The undersigned, being parties to this proceeding agree as follows:

1. On March 15, 2001, Central Maine Power Company ("CMP") made its annual compliance filing in accordance with Paragraph 30 of the Alternative Rate Plan Stipulation ("ARP 2000") dated September 7, 2000, and approved by the Commission in its Order dated November 16, 2000 in Docket No. 99-666. CMP's March 15, 2001 filing indicates that CMP's distribution rates should be increased by 0.34% effective July 1, 2001, for a one-year period to recover distribution revenue for the period June 2000 through August 2000 as provided in Paragraph 8 of the ARP 2000 and Paragraph 7 of the Stipulation in Docket No. 99-185. The parties agree that CMP shall recover \$772,000 in distribution rates. That is \$725,000 of deferred revenue, plus carrying costs through June 30, 2002 less the amount recovered from a customer taking service pursuant to a targeted rate contract (as shown in ODR-01-02 in this proceeding.

All other rate adjustments pursuant to ARP 2000 are zero in the March 15, 2001 filing. The inflation index less the productivity offset is zero pursuant to Paragraph 7 of ARP 2000. There is no recovery of mandated costs for the period September 18, 2000 through December 31, 2000. Applicable net gains or losses for the sale of operating property for the period amounted to zero. Earnings sharing and service quality penalties are also zero since these two items do not begin until January 2001.

2. The parties agree to the revenue increase identified in Paragraph 1, above, and to the rate change calculations (as shown in Confidential Attachment 1) and new distribution rates

CONTAINS CONFIDENTIAL ATTACHMENTS

for each core rate class (as shown in Attachment 2). The parties also acknowledge that CMP will be changing its transmission rates for distribution level customers effective July 1, 2001. CMP will file with the Commission, on or before June 18, 2001, rate schedules and Term and Condition 44.1 reflecting both the distribution price change permitted by this Stipulation and the transmission price change.

3. Only one event was included in the March 15, 2001 filing that CMP believes qualifies as a *force majeure* event pursuant to the mandated cost analysis (Paragraph 8) of the ARP 2000 Stipulation. That event was a storm that occurred on December 17 and 18, 2000. However the cost of the storm was below the \$3 million threshold in the ARP 2000; thus CMP did not request recovery of any mandated costs. The parties do not agree as to whether the referenced storm would constitute a *force majeure* event, and thus, be subject to the mandated cost provisions. The parties agree, however, that the Commission should not resolve this matter presently since it does not impact the 2001 price change calculation.

4. CMP realized a gain of \$71,000 on the sale of easements to Bangor Gas, such sale having taken place on May 17, 2000. In Docket No. 2000-120, the Commission ordered CMP to defer the gain pending ratemaking determination in a future rate proceeding. The Parties agree that CMP shall be allowed to retain the \$71,000 gain that the Company realized on the sale of easements to Bangor Gas.

5. CMP has recalculated the pricing flexibility floors incorporating comments raised at the May 23, 2001 Technical Conference. CMP has provided the recalculated floors in its response to ODR-02-01 in this proceeding. CMP will update the floors to reflect revised transmission prices effective July 1, 2001. The parties expect an informal resolution of the pricing flexibility floors. CMP will file the floors as a supplement to the filing described in

CONTAINS CONFIDENTIAL ATTACHMENTS

Paragraph 2, above. Adopting these pricing flexibility floors does not mean that parties agree to the marginal cost methodology used by CMP in developing the floors.

6. All attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation. The attachments are as follows:

Attachment 1, p. 1 – Distribution Price Change Calculation (Confidential)

Attachment 1, p. 2 – LGS-ST and LGS-T Core Rate Change Calculation

Attachment 2 – Stranded Cost and Distribution Rates for Core
Rate Classes

7. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, shall it foreclose any of the Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

8. The Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Parties also intend that this Stipulation shall be null and void, and not bind the Parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

9. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

10. The Parties to this Stipulation agree that the record in support of this Stipulation includes CMP's initial filing and updates thereto and all data responses.

CONTAINS CONFIDENTIAL ATTACHMENTS

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

Dated: _____ By: _____

OFFICE OF THE PUBLIC ADVOCATE

Dated: _____ By: _____